

Congress of the United States
Washington, DC 20515

June 18, 2015

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The Honorable Thomas Wheeler
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Wheeler:

We write to share our thoughts regarding modernization of the Lifeline program supported by the federal Universal Service Fund. The Lifeline program was created in 1985 and has been invaluable in enabling millions of low-income households, including many minority households, to have affordable access to the nation's telecommunications networks.

Expansion of the Lifeline program to include wireless services in 2008 was a dramatic enhancement to the program since it brought the benefits of mobility and greater connectivity to low-income families for whom a working cell phone had been an unaffordable luxury. Further modernization of the program to include broadband will bring Lifeline recipients the connections they need to participate in the 21st Century economy.

Opponents of the Lifeline program have claimed participation in the program had "ballooned" to over 18 million participants in 2012. Yet data compiled by the Universal Service Administrative Company show there were slightly more than 16 million participants in 2012 and 12 million as of March 2015. It is also important to note that the amount of Lifeline support has decreased from \$2.13 billion in 2012 to a projected \$1.44 billion in 2015. These sharp declines in program enrollment and disbursements demonstrate the effectiveness of the FCC's 2012 program reforms.

We understand that the Commission will soon be considering additional reforms to the Lifeline program and that it has already received input from various stakeholders. To that end, we write to share our thoughts and suggestions:

1. NO CAPS

Under no circumstances should Lifeline be "capped" if the effect of such a cap would be to deny program enrollment to qualified low-income households once some arbitrary "cap" amount had been reached. The government would not deny SNAP benefits to low-income consumers after a certain number of persons were enrolled, nor would it deny Medicaid benefits on that basis. With only about one-half of the nation's Lifeline-eligible households currently enrolled, the program still is not reaching millions of economically-disadvantaged families, including many African American and other disadvantaged minority households.

2. NO MANDATORY COPAY REQUIREMENT

Participation in the Lifeline program should not be contingent on payment of a mandatory fee or co-pay requirement as there is no correlation between mandatory payments and fraud prevention. Even a “modest” monthly fee would negatively impact many of our constituents and force them out of the program.

3. THIRD-PARTY ELIGIBILITY VERIFICATION

Currently, providers participating in the Lifeline program are required to verify the eligibility of applicants for enrollment in the program. The process of having providers verify the eligibility of those participants can have a negative impact on program integrity and can lead to program abuse. In order to best protect the Lifeline program, its participating providers, and beneficiaries, a third-party eligibility verification system should be considered as an alternative or addition to the current system.

4. UPDATE ELIGIBLE TELECOMMUNICATIONS CARRIER DESIGNATION PROCESS

The Eligible Telecommunications Carrier designation process – a process mandated by federal statute – needs to be reformed and made nationally consistent. It is critical that Lifeline beneficiaries have access to all the tools of a highly technology-driven economy including access to broadband. Expanding, updating, and streamlining the ETC designation process to include non-ETCs will ensure the program has the ability to provide essential telecommunications services to the greatest number of qualified people.

We appreciate the Commission recognizing the importance of the Lifeline program to millions of low-income American households and its commitment to reforming the program. We urge the Commission to proceed with reforming the Lifeline program in a responsible manner that focuses on program integrity while ensuring the most vulnerable Americans, including many African Americans and other disadvantaged minorities, have access to services many of us take for granted.

Thank you very much.

Very truly yours,


G. K. Butterfield Bobby L. Rush Yvette D. Clarke
Member of Congress Member of Congress Member of Congress



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 27, 2015

The Honorable G.K. Butterfield
U.S. House of Representatives
2305 Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Butterfield:

Thank you for your letter regarding the Commission's efforts to modernize the universal service Lifeline program. I share your desire to ensure that Lifeline continues to assist low income consumers with access to affordable communications services. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

I wholeheartedly agree that Lifeline helps eligible low-income consumers connect to the nation's communications networks and delivers essential assistance to millions of Americans who otherwise could not afford phone service. Access to communications helps people find jobs, access health care services, connect with family and their children's schools, and call for help in an emergency. Without Lifeline, many low-income consumers would not have access to services that are essential to stay connected in today's world. That is why transforming Lifeline for the 21st century is key to the future of this vital program.

One of this agency's fundamental responsibilities is to ensure that all Americans have access to vital communications services. We also have a duty to manage public resources in an effective, efficient manner that advances the public interest. As you note, the Commission's *2012 Lifeline Reform Order* fulfilled these responsibilities by engaging in programmatic reforms which have produced significant and measurable savings for the Universal Service Fund. These reforms provided a much needed boost of confidence in the Lifeline program among the public and interested parties, increased accountability, and set the Lifeline program on an improved path to more effectively and efficiently provide vital services to the Nation's low-income consumers

On June 18, 2015, the Commission further honored its statutory mandate, when it adopted the *2015 Lifeline Further Notice of Proposed Rulemaking (FNPRM) and Order*. This action marked a significant step to modernize and evaluate the effectiveness of the Lifeline program, seeking comment on restructuring the program to better support 21st Century communications while building on existing reforms to continue strengthening protections against waste, fraud, and abuse.

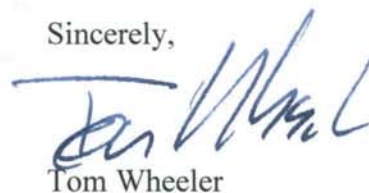
I understand and appreciate your opposition to a cap that would result in denying otherwise eligible households from participating in the program. We sought comment on a budget to ensure that all of our goals are met as the program transitions to broadband, including minimizing the contribution burden on ratepayers, while allowing the Commission to take account of the unique nature and goals of the Lifeline program. Adopting a budget for the Lifeline program raises a number of important implementation questions. For example, as you note, not every eligible household participates in the Lifeline program. We want to avoid a situation where the Commission would be forced to halt support for individuals that otherwise meet the eligibility requirements. That is why we asked a number of questions about what data we should use in determining the size of the budget, and what should be the consequence of reaching the budget.

You also identified one of the key issues that we need to address: eligibility verification. The *FNPRM* proposed streamlining and tightening the process of verifying consumer eligibility by taking it out of the hands of providers. Removing that decision from the Lifeline provider will eliminate one potential source of waste, fraud, and abuse from the program while creating more efficiencies overall in the program administration. We sought comment on establishing a third-party "national verifier," coordinating with other federal needs-based programs, considering the use of direct subsidies to consumers through vouchers, and a number of additional ways to increase the efficient administration of the Lifeline program.

Finally, I agree that competition among providers on price and service offerings would benefit Lifeline subscribers and would ensure ratepayer dollars support an efficient program. Therefore, the item sought comment on how to encourage providers to participate in the program and how to encourage participation by the states. It is our hope that this *FNPRM* will allow us to reform and modernize the Lifeline program to make it more efficient, accountable, and effective at helping low-income consumers access the communications technology they need to participate in today's society, while proposing additional protections against waste, fraud and abuse.

I appreciate your interest in this matter. Please let me know if I can be of any further assistance.

Sincerely,

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Tom Wheeler



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THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

July 27, 2015

The Honorable Yvette D. Clarke
U.S. House of Representatives
2351 Rayburn House Office Building
Washington, D.C. 20515

Dear Congresswoman Clarke:

Thank you for your letter regarding the Commission's efforts to modernize the universal service Lifeline program. I share your desire to ensure that Lifeline continues to assist low income consumers with access to affordable communications services. Your views are very important and will be included in the record of the proceeding and considered as part of the Commission's review.

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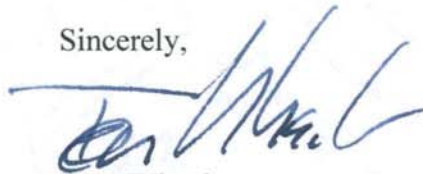
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Sincerely,



Tom Wheeler



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July 27, 2015

The Honorable Bobby L. Rush
U.S. House of Representatives
2268 Rayburn House Office Building
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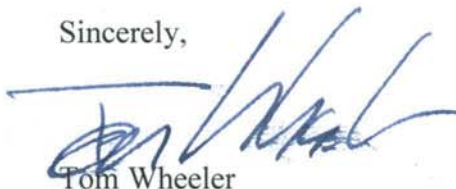
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Tom Wheeler